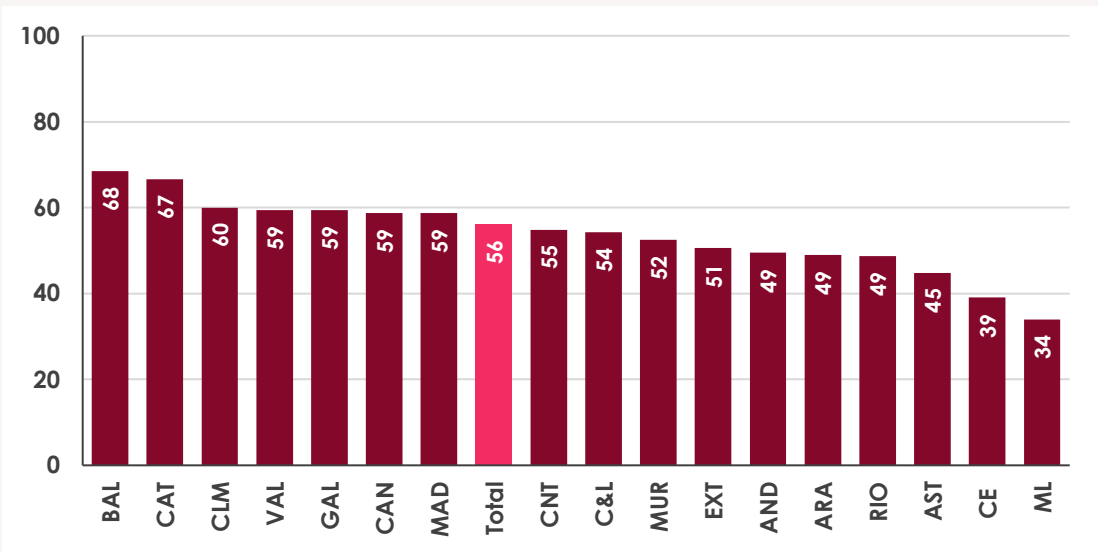


**Box 2. The effects of regional minimum incomes on the non-take-up of the MIS**

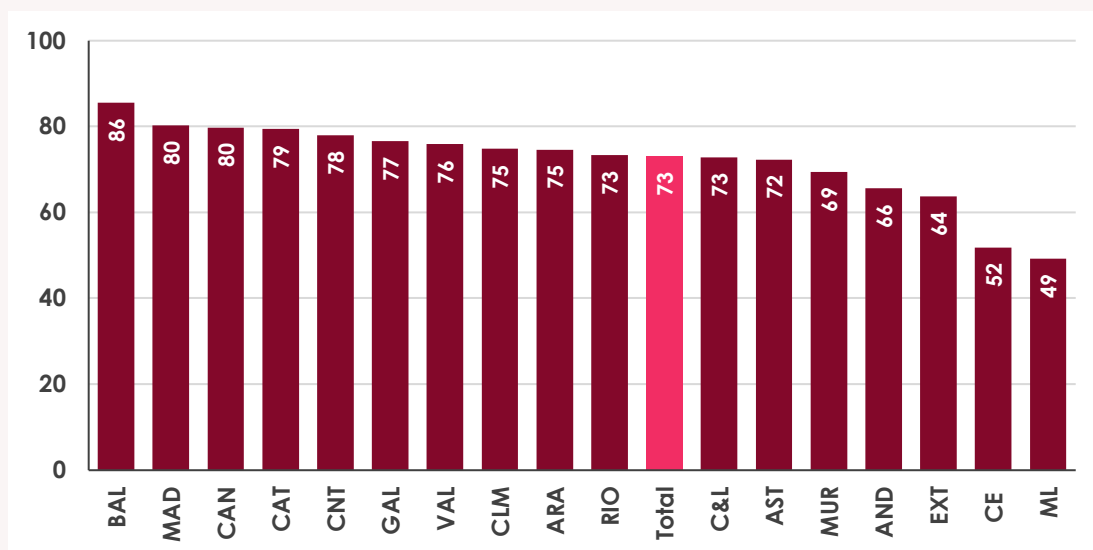
As noted in the Second Opinion, differences exist in the level of MIS non-take-up by Autonomous Region. Specifically, the Balearic Islands, Catalonia, Castile-La Mancha, Valencia, the Canary Islands, Galicia and Madrid continue to have MIS non-take-up rates above the national average (figure b\_2.1). Figure b\_2.1 ranks the Autonomous Regions from highest to lowest MIS non-take-up rates in 2023. Thus, 68%, 67%, 60%, 60%, 59%, 59%, 59% and 59% of potential MIS beneficiary households in 2023 have not applied for the benefit in the Balearic Islands, Catalonia, Castile-La Mancha, Valencia, the Canary Islands, Galicia and Madrid, respectively. The Autonomous Regions with the highest non-take-up rates for the Child Support Supplement are the Balearic Islands (86%), Madrid (80%), the Canary Islands (80%), Catalonia (79%), Cantabria (78%), Galicia (77%), Valencia (76%), Castile La Mancha (75%) and Aragon (75%) (figure b\_2.2).

FIGURE B\_2.1. NON-TAKE-UP RATES OF MIS IN 2023. BREAKDOWN BY AUTONOMOUS REGION



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

FIGURE B\_2.2. CHILD SUPPORT SUPPLEMENT NON-TAKE-UP RATES IN 2023. BREAKDOWN BY AUTONOMOUS REGION



Source: AIReF based on the merger between the AIReF-MIS\_MI simulator and MIS case files.

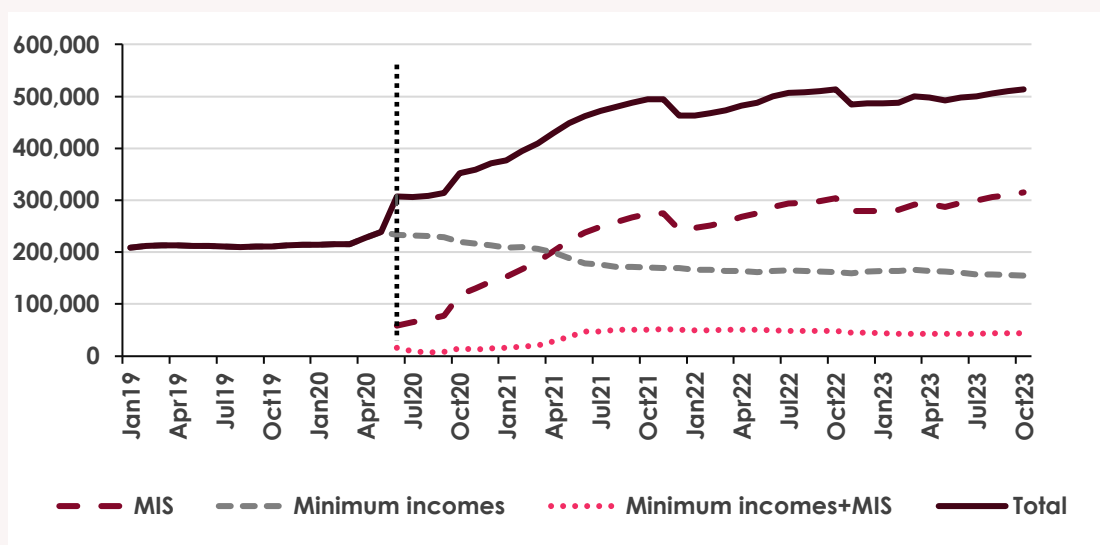
**This Opinion investigates the extent to which the coexistence of the MIS with regional minimum incomes may be an explanatory factor for the non-take-up observed in each Region.** In the Second Opinion on the MIS, the poor quality of the microdata on regional minimum incomes that the Autonomous Regions report to the State Tax Administration Agency (AEAT) and the INSS prevented AIReF from analysing the transfer of these to the MIS or their degree of complementarity with the State benefit. This exercise has been undertaken for the Third Opinion by requesting the data on the monthly minimum income payments in each Autonomous Region since January 2019. In turn, this information has been cross-checked with the monthly MIS payments since the start of the benefit in June 2020 provided by the INSS.

**In the national aggregate, the MIS extends the coverage of households in receipt of a last resort benefit (MIS or regional minimum incomes) compared with the situation before June 2020 when there was no MIS** (see figure b\_2.3). Figure b\_2.3 represents three series with a monthly frequency for the aggregate of the 17 Autonomous Regions under the common tax regime and the two Autonomous Cities: total households only benefiting from regional minimum incomes, only from the MIS and from the MIS and regional minimum incomes<sup>10</sup>. It can be

<sup>10</sup> This section does not include beneficiaries of the Child Support Supplement alone, as it is not considered a benefit comparable with the MIS or regional minimum incomes. The reason for this is that the Child Support Supplement has income and wealth thresholds that are clearly higher than those of the last resort benefit.

seen that, since the entry into force of the MIS, households receiving the State benefit have followed an upward trend. In contrast, the number of regional minimum income beneficiaries decreased, although to a lesser extent than the increase in the series of monthly MIS payments. In addition, there is a group of households that receive both regional minimum incomes and the MIS, as some Regions have configured their regional minimum incomes as complementary to the MIS.

FIGURE B\_2.3. BENEFICIARIES OF MIS AND REGIONAL MINIMUM INCOMES. TOTAL



Source: AIReF based on the MIS and regional minimum incomes.

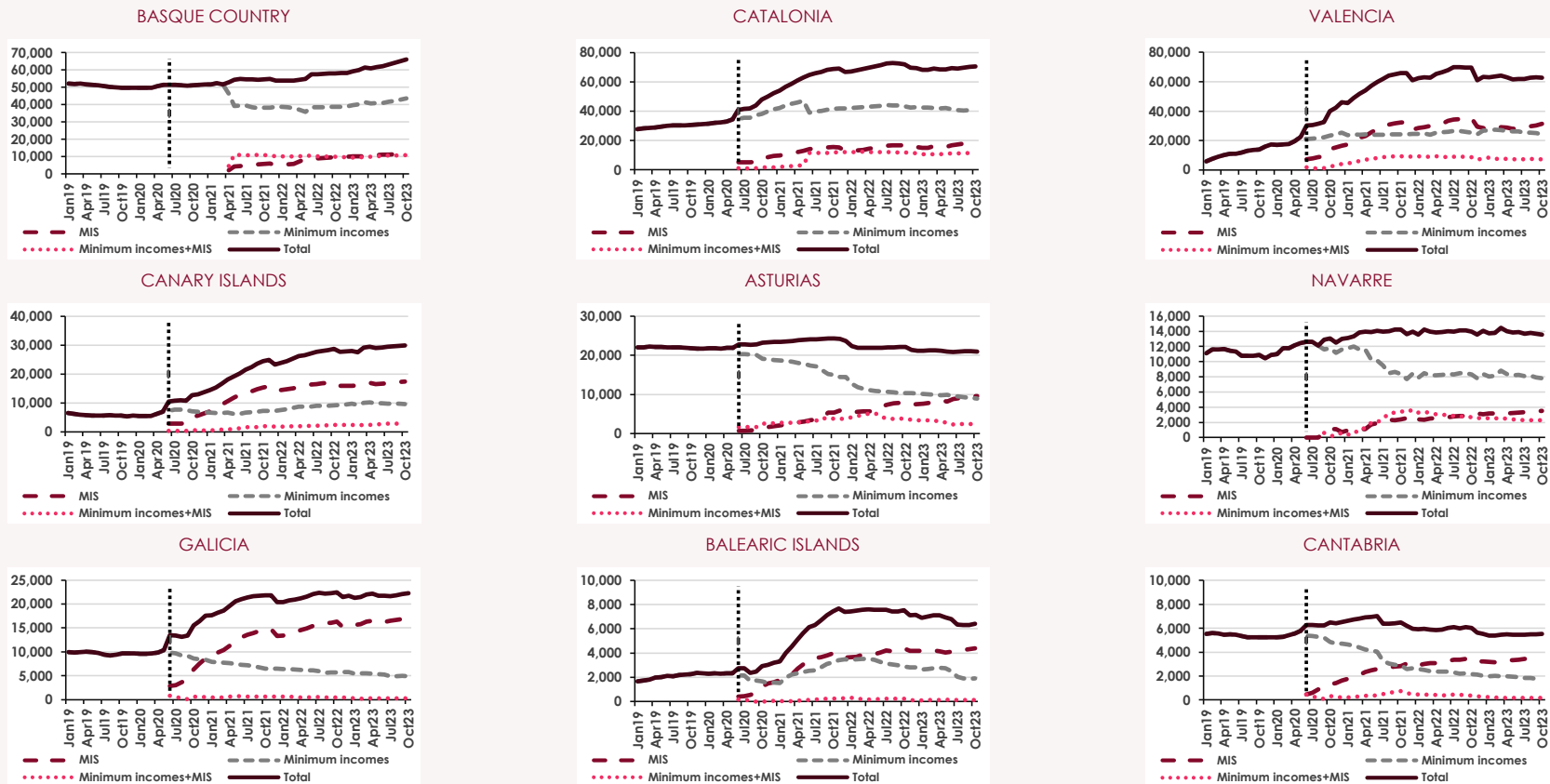
The aggregate dynamics are the result of heterogeneous evolutions in the Autonomous Regions that can be summarised in two groups in terms of their effects on the non-take-up of the MIS. The first of these groups consists of nine Autonomous Regions that have maintained a significant number of regional minimum income beneficiaries since the introduction of the MIS (figure b\_2.4). The Basque Country<sup>11</sup>, Catalonia, Valencia, the Canary Islands, the Balearic Islands, Asturias, Galicia and Cantabria maintain a significant number of regional minimum income beneficiaries. Within this first group, the Basque Country, Catalonia, Valencia and the Canary Islands have maintained a relatively stable total number of households receiving regional minimum incomes over time. In all of them, it can also be seen how the introduction of the MIS in 2020 adds households without there being a reduction in the number

<sup>11</sup> The MIS payments file provided by the INSS contains data for the Basque Country from April 2021 to June 2022. The Basque Country has been able to provide MIS payment data from December 2022. Linear interpolation has been used to allocate the monthly series between June 2022 and December 2022.

of minimum income beneficiaries. Moreover, Catalonia represents a unique case given that the total number of households benefiting from the regional minimum income exceeds the number of MIS beneficiaries over the whole period. Although Asturias, Galicia and Cantabria reduce the total number of households receiving regional minimum incomes, in 2023 they continue to maintain between 40% and 50% of households on the benefit.

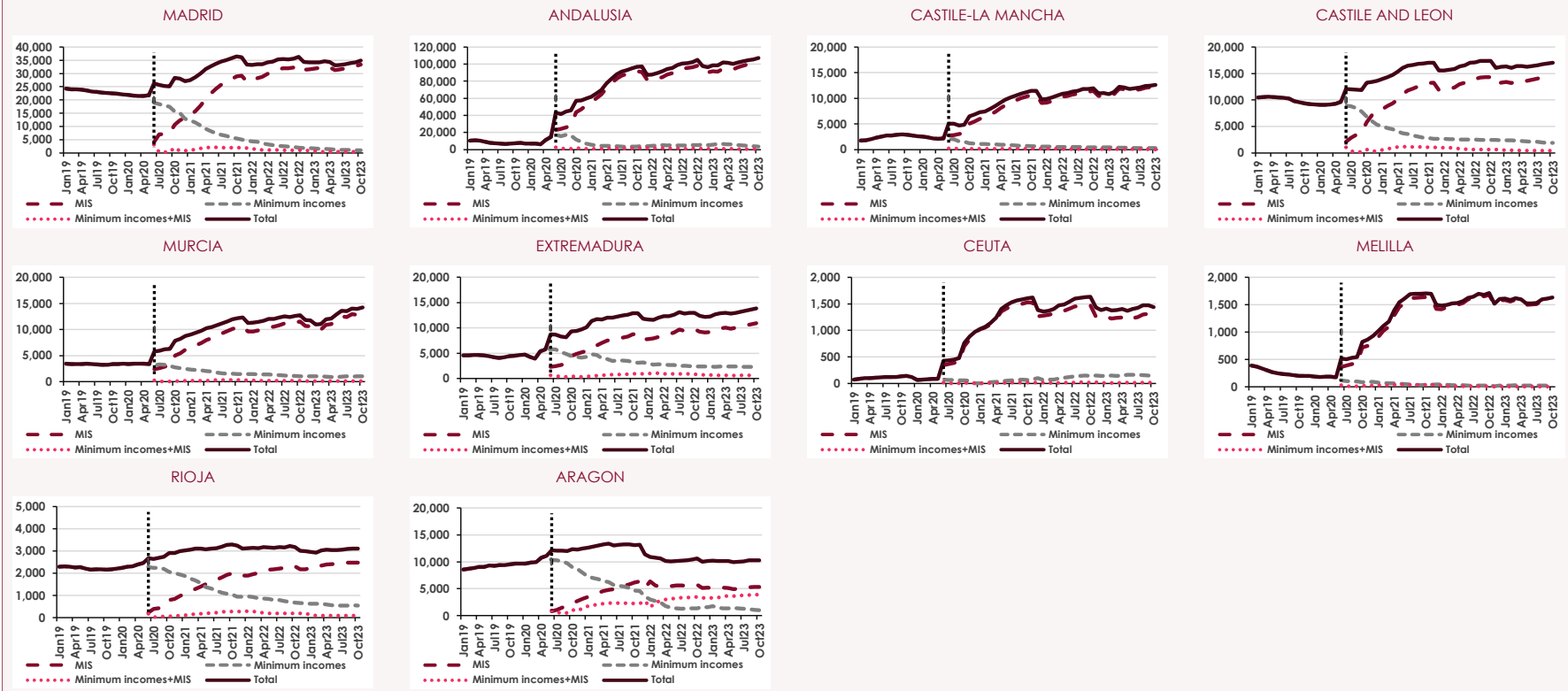
**The second group consists of those Autonomous Regions whose regional minimum income programmes have practically disappeared or show a clear downward trend** (figure b\_2.5). This second group is made up of Madrid, Andalusia, Castile-La Mancha, Castile and Leon, Murcia, Extremadura, Ceuta, Melilla, Rioja and Aragon. A particular feature of this group is that Aragon has a high degree of compatibility between its regional minimum income and the MIS, since the number of households that simultaneously receive both benefits is almost as high as the number of households receiving just the MIS.

FIGURE B\_2.4. GROUP 1: AUTONOMOUS REGIONS THAT MAINTAIN A SIGNIFICANT NUMBER OF REGIONAL MINIMUM INCOME BENEFICIARIES SINCE THE INTRODUCTION OF THE MIS



Source: AIReF based on the MIS and regional minimum incomes.

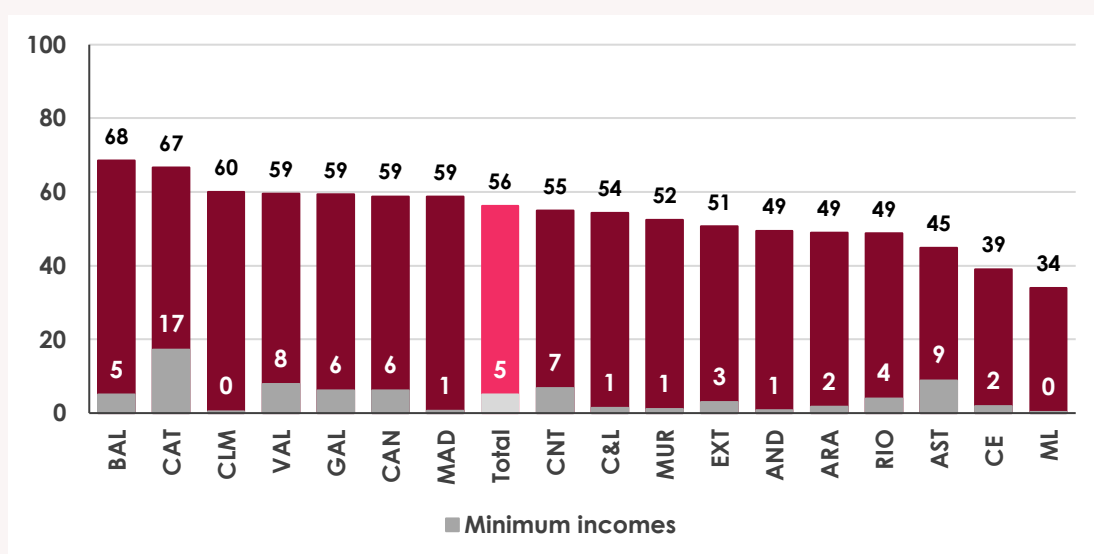
FIGURE B\_2.5. GROUP 2: AUTONOMOUS REGIONS WHERE THERE HAS BEEN A SIGNIFICANT DECREASE IN MINIMUM INCOME BENEFICIARIES SINCE THE INTRODUCTION OF THE MIS



Source: AIReF based on the MIS and regional minimum incomes.

Of the 56% of the non-take-up rate of the MIS, 5 percentage points correspond to households receiving regional minimum incomes in 2023 (see figure b\_2.6). This proportion is higher in the Autonomous Regions in group 1, where there is still a significant level of regional minimum income beneficiaries in 2023. Thus, in Catalonia, Valencia, the Canary Islands, the Balearic Islands, Asturias, Galicia and Cantabria, minimum income beneficiary households account for 17, 8, 6, 5, 9, 6 and 7 percentage points of their respective non-take-up rates.

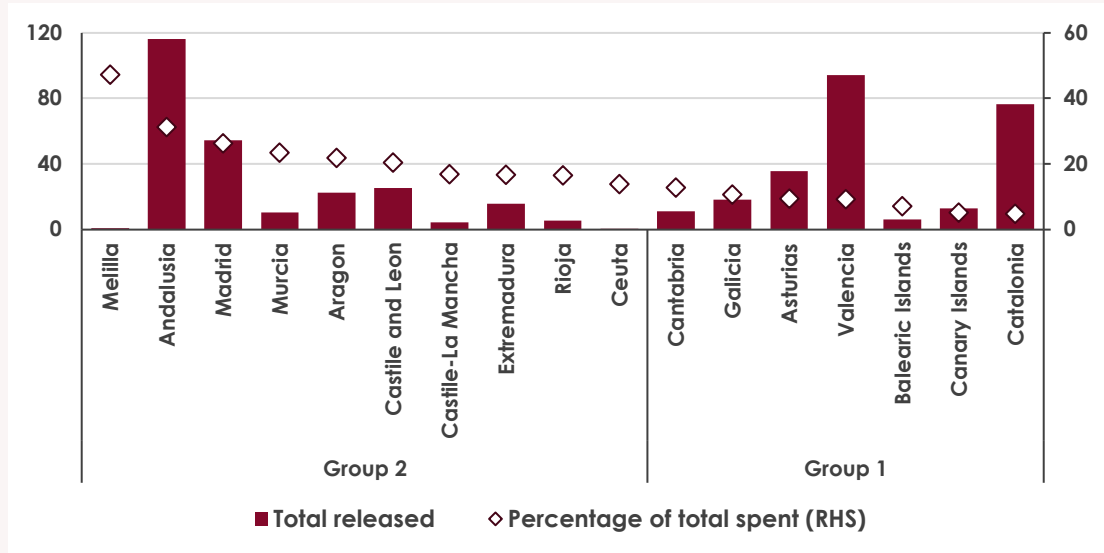
FIGURE B\_2.6. EFFECT OF REGIONAL MINIMUM INCOMES ON THE NON-TAKE-UP OF THE MIS IN 2023



Source: AIReF based on the merger between the AIReF-MIS\_MI Simulator, the MIS case files and the regional minimum incomes.

Furthermore, since the entry into force of the MIS, the transfer of beneficiaries from the regional minimum incomes to the State benefit has freed up €510m, 11% of the spending of the Autonomous Regions on their regional minimum incomes. The percentage of revenue freed up is lower in the Autonomous Regions in group 1, which have maintained a significant number of households benefiting from their regional minimum income programmes (figure b\_2.7). The Autonomous Regions with the highest percentage of funds released as a result of the transfer of their minimum income beneficiaries to the MIS were Melilla, Andalusia, Madrid, Murcia, Aragon and Castile and Leon. These Autonomous Regions have released 47%, 31%, 26%, 23%, 21% and 20% respectively of the total expenditure on their regional minimum incomes between 2020 and 2023. Within group 1, Cantabria, Galicia, Asturias, Valencia, the Balearic Islands, the Canary Islands and Catalonia have released a smaller percentage of revenue, 12%, 10%, 9%, 9%, 9%, 7%, 5% and 4% respectively.

FIGURE B\_2.7. RESOURCES FREED UP BY TRANSFER OF MINIMUM INCOME BENEFICIARIES TO THE MIS BY AUTONOMOUS REGION. MILLION EUROS AND PERCENTAGE OF TOTAL REVENUE COMMITTED



Source: AIReF based on the MIS and regional minimum incomes.